

State Board of Equalization
OPERATIONS MEMO
For Public Release

No: 1104
Date: December 20, 2002
Revised: June 5, 2003

SUBJECT: Use Tax Application for Vehicles and Aircraft Qualifying for a Partial Exemption Under Regulation 1533.1, Farm Equipment and Machinery

I. REASON FOR REVISION

This Operations Memo has been revised to correct the Sales and Use Tax Return calculations on Exhibit B, page 1 and to add additional directions in the Procedures Section.

II. GENERAL

This Operations Memo provides guidelines and procedures for reporting and allocating self-assessed use tax on purchases of vehicles qualifying for the partial exemption authorized by Revenue and Taxation Code section 6356.5 and Regulation 1533.1, *Farm Equipment and Machinery*. The partial exemption is for the state portion of the sales and use tax rate.

Under Regulation 1533.1, *Farm Equipment and Machinery*, purchases of vehicles designated as an implement of husbandry in Chapter 1, Division 16 of the Vehicle Code may qualify for a partial exemption from the sales and use tax. To qualify for the partial exemption, a qualified person must use the qualifying vehicle exclusively in agricultural operations. Section III provides more details on qualified persons and Section IV provides details on qualifying vehicles.

When a qualified person purchases a new or used qualifying vehicle from a California dealer, that person should give a partial exemption certificate to the California dealer. However, when a qualifying vehicle is purchased from a seller other than a California dealer, for example, an out-of-state vehicle dealer or an in-state non-retailer, the purchaser must pay the use tax to the BOE or Department of Motor Vehicles (DMV). This is because these purchasers often do not have a seller's permit and thus do not regularly file sales and use tax returns. Consequently, these purchasers must pay the use tax when they register the qualifying vehicle with DMV or self-report the use tax to the Consumer Use Tax Section (CUTS) or a local district office.

III. QUALIFYING PERSONS

Persons who qualify for the partial exemption provided by Regulation 1533.1 must be engaged in an agricultural operation described in Standard Industry Classification (SIC) Codes 0111 to 0291 or perform activities described in SIC Codes 0711 to 0783 in addition to being engaged in a line of business described in SIC Codes 0111 to 0291.¹ A qualified person also includes a person that assists such classified persons by performing an agricultural service described in SIC Codes 0711 to 0783 as an employee or on a contract or fee basis. SIC Codes 0111 to 0291 describe businesses that are engaged in farming and ranching. SIC Codes 0711 to 0783 describe businesses that are engaged in agricultural services to be limited to soil preparation, crop services, harvesting, veterinary, animal, farm labor and landscape services.

Please Note: The enacting statute for the partial exemption on sales of farm equipment and machinery, Revenue and Taxation Code section 6356.5, requires the SIC Codes be used to define a qualified person. To ensure consistency with the statutory requirement, Regulation 1533.1 also uses SIC Codes to define a person that assists a qualified person. However, SIC Codes are no longer used on federal income or state franchise tax returns to code a business activity. The standard is now the North American Industry Classification System (NAICS). Any current state franchise or federal income tax return provided by a person as documentation of being engaged in a farming activity, will use the NAICS code to describe the person's business activities. (See Section V, Proof of Exemption.) If staff has questions concerning the eligibility of a NAICS code, a cross-reference between the SIC codes and the NAICS codes can be found at <http://www.census.gov/pub/epcd/www/naicstab.htm>.

The following examples illustrate the concept of “qualified persons.”

Example 1: Farmer Bob grows tomatoes on his 2000-acre farm and is a qualified person for purposes of Regulation 1533.1. Farmer Bob is very busy so he sends his employee, Farmhand Jake, on his behalf, to buy a used qualifying vehicle from Farmer Bill. Farmhand Jake is a person that qualifies for the partial exemption because he is a person that assists a qualified person as he performs agricultural services as described in SIC Codes 0711 to 0783 as an employee of Farmer Bob.

Example 2: Farmer Bob decides he isn't going to do his own fertilizing this year. Farmer Bob contacts The Giant T'Mater Fertilizing Company and contracts with them to fertilize his tomatoes this year. This is a big contract for The Giant T'Mater Fertilizing Company, so they decide to buy a new qualifying fertilizer applicator rig for use exclusively in agricultural operations. The Giant T'Mater Fertilizing Company performs agricultural services described in SIC code 0711, soil preparation services, and therefore qualifies as a person that assists a qualified person. The Giant T'Mater Fertilizing Company should give a partial exemption certificate for their purchase of the qualifying equipment.

Example 3: Farmer Bob's mom is ill, so next year he will contract out the management of the farm with Bestfriend Farm Management Co. Bestfriend Farm Management Co. buys a

¹ For example, if dairy farmer Bob buys harvest equipment to assist grape farmer Joe without receiving any compensation, dairy farmer Bob is regarded as a “qualified person” despite the fact he is not regarded as a “person that assists a qualified person” as defined in Regulation 1533.1(b)(3).

used qualifying All Terrain Vehicle (ATV)² for use exclusively in getting around on the farm property and to check irrigation machines. Bestfriend Farm Management Co. is a person that assists a qualified person, (SIC 0762) and therefore qualifies for the partial exemption.

Example 4: Citizen Jeff works a vegetable patch in his extra large backyard. The produce he doesn't consume he gives to his friends and family. He occasionally sells extra produce at a roadside stand, but does not report such sales and expenses on his federal income tax return. He noticed an otherwise qualifying vehicle for sale in the local newspaper and purchased it. Citizen Jeff is not a qualified person for purposes of the partial exemption because Citizen Jeff is growing produce for his own use and is not engaged in a business for purposes of Regulation 1533.1.

IV. QUALIFYING VEHICLES

Vehicle Code section 36000 provides that an "implement of husbandry" is a vehicle used exclusively in the conduct of agricultural operations. This section also provides that an "implement of husbandry" does not include vehicles designed primarily for transportation of persons or property on the highway, unless specifically designated as such by other provisions of the Vehicle Code.

Vehicle Code section 36005 provides a list of vehicles that qualify as "implements of husbandry." This list is attached to Regulation 1533.1 as Appendix A. Assuming the person claiming the partial exemption can document he or she is a qualified person and provides a valid exemption certificate, staff should allow the partial exemption for the types of vehicles listed when used exclusively in the conduct of agricultural operations or as otherwise indicated.

There are occasions when vehicles not specifically identified in Appendix A may qualify as farm equipment and machinery for the purposes of the partial exemption. While the Vehicle Code generally disallows vehicles designed to transport persons or property on a highway, such vehicles are listed in Vehicle Code section 36005 as implements of husbandry. However, it should be noted that this section limits their on highway use to short distances, usually no more than two (2) miles or as otherwise indicated. The DMV occasionally will qualify vehicles not listed in Vehicle Code section 36005 as implements of husbandry. This determination is made by the DMV's Special Processing Unit and is based on a review of the vehicle use and equipment requirements.

Depending on their use, unlisted vehicles such as All Terrain Vehicles (ATV) and agricultural aircraft (crop dusters) may qualify when used exclusively by an agricultural operation to traverse an agricultural property to check fencing, round up livestock, check cattle and crops, examine watering and irrigation systems or similar activities required in an agricultural operation. When used exclusively for these purposes, the purchase of the ATV qualifies for the partial exemption provided all other requirements of Regulation 1533.1 are met. Similarly, crop dusters used exclusively for seeding, fertilizing, and crop protection will qualify for the partial exemption.

²While the ATV in this example qualifies for the partial exemption, anything less than 100% use of the ATV in agricultural operations will disqualify the ATV as farm equipment and machinery pursuant to Regulation 1533.1(b)(1)(B). Thus, ATVs should be reviewed on a case by case basis. A further discussion regarding vehicles that qualify for the partial exemption is set forth in Section III, *Qualifying Vehicles*.

V. PROOF OF EXEMPTION

Purchasers should complete a partial exemption certificate in support of a claimed partial exemption. A sample of the recommended partial exemption certificate can be found in Appendix B of Regulation 1533.1. The purchaser is not required to use the recommended partial exemption certificate as long as the certificate provided by the purchaser has all of the elements for the partial exemption certificate outlined in Regulation 1533.1.

Purchasers that report use tax to or claim a refund from the BOE must also provide evidence of being engaged in one of the required SIC codes. Acceptable documentation includes current federal income or state franchise tax returns which include Schedule F. If the purchaser did not file a Schedule F, staff should check the NAICS code on the return to ensure it matches one of the activities qualifying for the partial exemption. (Refer to Regulation 1533.1.)

It is possible a person that assists will not have a NAICS code that matches one of the activities qualifying for the partial exemption. If the purchaser cannot provide a Schedule F or appropriate NAICS code, other documentation, such as employment or service contracts, may be accepted.

VI. DEPARTMENT OF MOTOR VEHICLE (DMV) CUSTOMERS

DMV cannot process partial payments of the use tax on behalf of the BOE. Therefore, purchasers have two options for reporting and paying use tax:

OPTION 1: Pay the full amount of use tax at the DMV and apply for a refund (the state exempted portion) directly from the BOE.

OPTION 2: Pay the non-exempt portion of the tax to the BOE (CUTS/district office) and obtain a BOE-111, Certificate of Tax Clearance, to present to DMV to allow registration.

VII. PROCEDURES**A. District Offices**

If a taxpayer is claiming the partial tax exemption, accept the payment of tax less the amount of the partial exemption, then process the BOE-111 request as normal. Staff should ensure the BOE-106, Vehicle/Vessel Use Tax Clearance Request form, is completed with all pertinent information as outlined in CPPM section 840.005 for Voluntary Payments. The clearance should be issued only if the purchaser provides a completed partial exemption certificate and other supporting documentation that the purchaser is engaged in agricultural operations as noted in Section V.

The partial exemption should not be allowed to purchasers requesting an exemption for a vehicle designed to haul persons or property on a highway, but not specifically listed in Vehicle Code section 36005. Such vehicles include trailers, truck-tractors, or trucks. To qualify for the partial exemption, the

purchaser must obtain a determination from the DMV that the vehicle qualifies as an implement of husbandry. A registration slip showing this determination must be presented to the Board when the tax is paid or the refund is claimed.

District staff must also verify if there is an existing CUTS source information file (SIF) or account number (SA/SB UT XX-XXXXXX). To search for an existing CUTS account, go to the *CUT SS* screen in IRIS. Enter either the *Vehicle Identification number (VIN)* or *vehicle license plate number* in the appropriate field and press enter. (See Exhibit A) To search for an undocumented vessel, use the *hull ID number or vessel license number*.

Requests involving aircraft and documented vessels (vessels registered with the USCG) should be referred to CUTS for review. (BOE-111's are not issued on transactions involving aircraft or documented vessels.)

- Set up an arbitrary account number to allow the payment to be allocated only to the local and county tax area portions, *regardless* if a CUTS source information file (SIF) or account number already exists. *(Consumer Use Tax returns should not be used, as they will not allocate properly.) Returns are also used to allocate the partial exemption, so they must be completed correctly. (See Exhibit B for an example of a correctly completed return.)

Note: Since the transaction is a one-time event, the purchase date is also the "period" date. Example: If the purchase date is 06/15/02, the period should reflect 06/15/02-06/15/02. Also, a one-time mailing (OTM) financial obligation (FO) need not be created if the return is being forwarded to HQ Cashier for normal batch processing.

- Cross-reference both arbitrary account and CUTS SIF/account by entering comments as this will avoid duplication of tax payments. (See Exhibit A for instructions on entering comments to SIF accounts.) The following information should be included:

In the arbitrary account:

Subject: "Partial farm exemption claimed"

Comments (F11):

"CUTS SIF/account number XX-XXXXXX found"

or "No CUTS file found"

"Copy of arbitrary account packet forwarded to CUTS"

In the CUTS account:

Subject: "Partial farm exemption claimed"

Comments (F11):

"Arbitrary account number XX-XXXXXX issued"

"BOE-111 #XXXXXX issued"

"Voluntary payment in the amount of \$0.00 received."

If there is *no* evidence of a CUTS SIF/account number found, district staff should forward a copy of the arbitrary account packet to CUTS to “Set up a source information file”.

B. Consumer Use Tax Section (CUTS)

If taxpayer is claiming the partial tax exemption, accept the payment of tax less the amount of the partial exemption, then process the BOE-111, Certificate of Tax Clearance, request as normal. Staff should ensure the BOE-106, Vehicle/Vessel Use Tax Clearance Request form, is completed with all pertinent information as outlined in CPPM section 840.005 on Voluntary Payments. The clearance should be issued only if the purchaser provides a completed partial exemption certificate and documentation that the purchaser is engaged in agricultural operations as noted in Section V.

CUTS staff must also verify whether there is an existing SIF or account number as instructed above.

After processing the partial payment, CUTS will request an arbitrary account number from Cashiers. Copy of the SIF packet should be provided with the request. Once the arbitrary number is issued, CUTS will cross-reference both account numbers. (See above procedures for District Office.)

C. Cashiers Section

The Cashiers Section will review the taxpayer information and documentation provided by CUTS and confirm the taxpayer does not have an existing account. After confirming there is no existing account, the Cashier's Section will provide CUTS with an arbitrary account number.

VIII. OBSOLESCENCE

This Operations Memo will become obsolete when the information contained herein is incorporated into the appropriate manuals.

Ramon J. Hirsig
Deputy Director
Sales and Use Tax Department

Distribution: 1-D

Attachments: Exhibit A - TEALE Consumer Use Tax File Search “CUT SS”

Exhibit B - Sample Sales and Use Tax Return

EXHIBIT A

To check for a CUTS source information file (SIF) using the VIN#/license plate number (HIN# or CF# for an undocumented vessel):

- Go to the CUT SS screen, enter the VIN or plate number and press enter.

```
CUTSC0M1 - CUT      * Prod Sim 3 * Consumer Use Tax System      11/20/02
CUTSC0P1 - SS        Source Information File Search              07:44
                        Record Search

                        Description          Search Criteria

      Aircraft Serial Number: _____
      Aircraft Tail Number:  _____

      Documented Vessel Number: _____

      Undocumented Vessel License Number: _____
      Undocumented Vessel Hull I.D. Number: _____

      Vehicle License Number: _____
      Vehicle I.D. Number: 1ABCD23E45F678910

                        << Optional >>
      SIF Record Search Starting Date: __ __ __ (MM/DD/CCYY)

Go: _____
F1=Help, F3=Retn, F12=Flip, F14=Clear, F15=Menu

4B  @:00.1 16/41
```

If a SIF record exists the screen will look like this:

```
CUTSC0M1 - CUT      * Prod Sim 3 * Consumer Use Tax System      11/20/0
U
CUTSC0M2            Consumer Use Tax System
CUTSC0N1            Source Information File Record Search Matched
Search Criteria: 1ABCD23E45F678910

Record #: 1 to 1 Total Records: 1

Create Date  Source ID  Owner Name
-----
11 20 2002  346394    FARMER JOHN

Enter--PF3---PF6---PF7---PF8---
      Retn View Bkwd Frwd
```

Use the **Source ID number** when cross-referencing the arbitrary account and when adding comments in the SIF account.

To add comments in the SIF account:

- On the Go line type **CUT VM**, the **SIF number** and press enter. The CUT VM (or CM for undocumented vessels) screen is displayed. Press **F11** to add comments.

EXHIBIT B

SAMPLE

BOE-401-A2 (S1) REV. 93 (7-03)

STATE, LOCAL and DISTRICT SALES and USE TAX RETURN

STATE OF CALIFORNIA
BOARD OF EQUALIZATION

DUE ON OR BEFORE		FOR		PERIOD	YEAR
IMPORTANT:					
Your account number and reporting period are required.				SELLER'S PERMIT ACCOUNT NUMBER	
NAME				BUSINESS ADDRESS	
CITY				STATE	ZIP

Mail To:
BOARD OF EQUALIZATION
PO BOX 942879
SACRAMENTO CA 94279-7072

READ SCHEDULE T AND RETURN INSTRUCTIONS 02-2 BEFORE PREPARING THIS RETURN		
1. TOTAL (gross) SALES	1.	\$.00
2. PURCHASES SUBJECT TO USE TAX	2.	5000 .00
3. TOTAL (add lines 1 and 2)	3.	5000 .00
PLEASE COMPLETE LINES 4 THRU 10(f) ON THE BACK PAGE OF THIS RETURN.		
11. TOTAL NONTAXABLE TRANSACTIONS REPORTED (Enter total deductions from line 11 on the back page)	11.	4167 .00
12. TRANSACTIONS SUBJECT TO STATE TAX (subtract line 11 from line 3)	12.	833 .00
12.(a) ENTER AMOUNT FROM TAX ADJUSTMENT WORKSHEET LINE 12, COLUMN B	12.(a)	.00
13. STATE TAX 6% (multiply line 12 by .06 OR enter line 13(c) amount from the Tax Adjustment Worksheet)	13.	50 .00 <
14. (a) TRANSACTIONS SUBJECT TO COUNTY TAX [add amount in box 61 (back) and line 12 above]	14.(a)	5000 .00
(b) COUNTY TAX 1/4% (multiply line 14(a) by .0025)	14.(b)	13 .00 <
15. ADJUSTMENTS FOR LOCAL TAX (see line 15 instructions)	15.	.00
16. TRANSACTIONS SUBJECT TO LOCAL TAX [add or subtract line 15 to/from line 14(a)]	16.	5000 .00
17. LOCAL TAX 1% (multiply line 16 by .01)	17.	50 .00 <
18. DISTRICT TAX (from Schedule A, line A11) YOU MUST COMPLETE FORM BOE-531-A, SCHEDULE A IF YOU ARE ENGAGED IN BUSINESS IN A TRANSACTIONS AND USE TAX DISTRICT	18.	25 .00 <
19. TOTAL STATE, COUNTY, LOCAL AND DISTRICT TAX [add lines 13, 14(b), 17, & 18]	19.	138 .00
20. DEDUCT SALES OR USE TAX IMPOSED BY OTHER STATES AND PAID ON THE PURCHASE PRICE OF TANGIBLE PERSONAL PROPERTY. THE PURCHASE PRICE MUST BE INCLUDED IN LINE 2 ABOVE.	20.	.00
21. NET TAX (subtract line 20 from line 19)	21.	138 .00
22. LESS-TAX PREPAYMENTS	22.	.00
23. REMAINING TAX (subtract line 22 from line 21)	23.	138 .00
24. PENALTY of 10% (.10) is due if your tax payment is made, or your return is filed, after the due date shown above. (see line 24 instructions)	24.	.00
25. INTEREST: One month's interest is due on tax for each month or fraction of a month that payment is delayed after the due date. The adjusted monthly interest rate is .00667 (6% divided by 12).	25.	.00
26. TOTAL AMOUNT DUE AND PAYABLE (add lines 23, 24, and 25)	26.	\$ 138 .00

IF YOU PAID BY CREDIT CARD AS DESCRIBED ON PAGE 1 OF THE INSTRUCTIONS, CHECK HERE [].

I hereby certify that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct and complete return.

YOUR SIGNATURE AND TITLE	TELEPHONE NUMBER ()	DATE
PAYED PREPARER'S USE ONLY	PAYED PREPARER'S NAME	PREPARER'S TELEPHONE NUMBER ()

Make a copy for your records.

I/F

EXHIBIT B

SAMPLE

BOE-401-A2 (S2) REV. 93 (7-03)

STATE OF CALIFORNIA
BOARD OF EQUALIZATION

STATE, LOCAL and DISTRICT SALES and USE TAX RETURN

YOUR ACCOUNT NO.	REPORTING PERIOD
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Deductions/Exemptions Schedule

4. SALES TO OTHER RETAILERS FOR PURPOSES OF RESALE	50	\$.00
5. NONTAXABLE SALES OF FOOD PRODUCTS	51		.00
6. NONTAXABLE LABOR (<i>repair and installation</i>)	52		.00
7. SALES TO THE UNITED STATES GOVERNMENT	53		.00
8. SALES IN INTERSTATE OR FOREIGN COMMERCE	54		.00
9. SALES TAX (if any) INCLUDED ON LINE 1 ON THE FRONT OF THE RETURN	55		.00
10. (a) (1) BAD DEBT LOSSES ON TAXABLE SALES	56		.00
(2) BAD DEBT LENDER LOSSES	62		.00
(b) COST OF TAX-PAID PURCHASES RESOLD PRIOR TO USE	57		.00
(c) RETURNED TAXABLE MERCHANDISE	58		.00
(d) CASH DISCOUNTS ON TAXABLE SALES	59		.00
(e) PARTIAL STATE TAX EXEMPTION - YOU MUST COMPLETE THE PARTIAL STATE TAX EXEMPTION WORKSHEET AT THE BOTTOM OF BOE-531-T, SCHEDULE T BEFORE YOU CLAIM ANY OF THESE DEDUCTIONS.			
TOTAL PARTIAL STATE TAX EXEMPTIONS (<i>Enter amount from Partial State Tax Exemption Worksheet at the bottom of Schedule T, Column C, box 60</i>)	60		.00
(1) AMOUNT SUBJECT TO THE MANUFACTURER'S EQUIPMENT EXEMPTION (<i>Enter amount from Schedule T, Column C, line 10(e)(1)</i>)	63		.00
(2) AMOUNT SUBJECT TO THE TELEPRODUCTION EQUIPMENT EXEMPTION (<i>Enter amount from Schedule T, Column C, line 10(e)(2)</i>)	64		.00
(3) AMOUNT SUBJECT TO FARM EQUIPMENT EXEMPTION (<i>Enter amount from Schedule T, Column C, line 10(e)(3)</i>)	65	5000	.00
(4) AMOUNT SUBJECT TO THE DIESEL FUEL USED IN FARMING AND FOOD PROCESSING EXEMPTION (<i>Enter amount from Schedule T, Column C, line 10(e)(4)</i>)	66		.00
(5) AMOUNT SUBJECT TO THE TIMBER HARVESTING EQUIPMENT AND MACHINERY EXEMPTION (<i>Enter amount from Schedule T, Column C, line 10(e)(5)</i>)	67		.00
(6) AMOUNT SUBJECT TO THE RACEHORSE BREEDING STOCK EXEMPTION (<i>Enter amount from Schedule T, Column C, line 10(e)(6)</i>)	68		.00
TOTAL ADJUSTED PARTIAL EXEMPTIONS - (<i>Enter the total from Column C, box 61 on your Partial State Tax Exemption Worksheet.</i>)	61		4167 .00
(f) OTHER (<i>clearly explain</i>)	90		.00
11. TOTAL NONTAXABLE TRANSACTIONS <i>[Add lines 4 thru 10(d), box 61 and line 10(f), then enter here and on the front page line 11]</i>	11	\$	4167 .00

EXHIBIT B

SAMPLE

BOE-531-T (FRONT) REV. 5 (10-02)

STATE OF CALIFORNIA
BOARD OF EQUALIZATION

SCHEDULE T - TAX ADJUSTMENT AND PARTIAL EXEMPTION WORKSHEETS

DUE ON OR BEFORE

[F O I D]

YOUR ACCOUNT NO.

If you are required to complete Schedule T, attach it to your return.

TAX ADJUSTMENT WORKSHEET PLEASE READ INSTRUCTIONS BEFORE PREPARING THIS SCHEDULE	COLUMN A TRANSACTIONS AT 6.00% STATE TAX RATE STARTING 1/1/02	COLUMN B TRANSACTIONS AT 5.75% STATE TAX RATE FOR YEAR 2001	COLUMN C TOTAL OF COLUMNS A AND B
1. Total gross sales	.00	.00	.00
2. Purchases subject to use tax	5000 .00	.00	5000 .00
3. Total (add lines 1 and 2)	5000 .00	.00	5000 .00
4. Sales to other retailers for purpose of resale	.00	.00	.00
5. Nontaxable sales of food products	.00	.00	.00
6. Nontaxable labor	.00	.00	.00
7. Sales to the United States Government	.00	.00	.00
8. Sales in interstate or foreign commerce	.00	.00	.00
9. Sales tax (if any) included in line 1	.00	.00	.00
10. (a)(1) Bad debt losses on taxable sales	.00	.00	.00
(a)(2) Bad debt lender losses	.00	.00	.00
(b) Cost of tax-paid purchases resold prior to use	.00	.00	.00
(c) Returned taxable merchandise	.00	.00	.00
(d) Cash discounts on taxable sales	.00	.00	.00
(e) Adjusted partial state tax exemption amount (to claim this exemption you must complete the worksheet below). Enter Column C amount in box 61 on the Deductions/Exemptions Schedule on the back of your return.	4167 .00	.00	Box 61 4167 .00
(f) Other (clearly explain)	.00	.00	.00
11. Total nontaxable transactions (add lines 4 thru 10(f))	4167 .00	.00	4167 .00
12. Transactions subject to state tax (subtract line 11 from line 3)	833 .00	.00	833 .00
STATE TAX RATE (multiply line 12 by this state tax rate)	X 0.06	X 0.0575	
13. STATE TAX			
(a) Adjusted for transactions subject to state sales and use tax rate in effect prior to 1/1/01 and on or after 1/1/02	50 .00		
(b) Adjusted for transactions subject to state sales and use tax rate in effect 1/1/01 thru 12/31/01		.00	
(c) Add lines 13(a) and 13(b). (enter total in Column C and on line 13 on the face of the return)			50 .00

PARTIAL STATE TAX EXEMPTION WORKSHEET	COLUMN A TRANSACTIONS AT 5.00% PARTIAL STATE TAX EXEMPTION RATE	COLUMN B TRANSACTIONS AT 4.75% PARTIAL STATE TAX EXEMPTION RATE	COLUMN C TOTAL OF COLUMNS A AND B
Note: See instructions on the back for lines 10(e)(1) through 10(e)(6) and transfer COLUMN C totals to the corresponding exemption on the back of your return.			
10.(e) (1) Manufacturing Equipment Exemption	.00	.00	.00
(2) Teleproduction Exemption	.00	.00	.00
(3) Farm Equipment Exemption (on or after 9/1/01)	5000 .00	.00	5000 .00
(4) Diesel Fuel Exemption For Farming & Food Processing (on or after 9/1/01)	.00	.00	.00
(5) Timber Harvesting Equipment & Machinery Exemption (on or after 9/1/01)	.00	.00	.00
(6) Racehorse Breeding Stock (on or after 9/1/01)	.00	.00	.00
TOTAL PARTIAL STATE TAX EXEMPTION Add lines 10(e)(1) through 10(e)(6). (enter the result in Column C and on the corresponding box on the back of your return)	5000 .00	.00	Box 60 5000 .00
Multiply the totals of Column A and column B above by the corresponding rate and enter the results in Columns A and B on line 10(e) of the Tax Adjustment Worksheet.	X 0.8333	X 0.8261	